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THE WHITE HOUSE

WASHINGTON

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CABINET ADMINISTRATION STAFFING MEMORANDUM

DATE: June 3, 1981

NUMBER: 018628CA

DUE BY: ---

SUBJECT: DOT/Cost Avoidance, Reduction, and Efficiency Committee

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Allen	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Garrick	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
EXCLUDE-Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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Remarks:

The materials Drew Lewis mentioned in yesterday's Cabinet meeting are attached.

RETURN TO:

Craig L. Fuller
Deputy Assistant to the President
Director,
Office of Cabinet Administration
456-2823

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ER

DEPARTMENT OF TRANSPORTATION

CHARTER

COST AVOIDANCE, REDUCTION, AND EFFICIENCY COMMITTEE

(CARE)

1. Purpose. This charter establishes the Secretary's Committee on Cost Avoidance, Reduction and Efficiency.
2. Composition. The Committee shall be composed of the following members:
 - (1) Mr. J. Kenneth Klinge, Special Assistant to the Secretary who shall coordinate the Committee;
 - (2) Joseph Welsch, Inspector General-Designate;
 - (3) Mr. Donald A. Derman, Assistant Secretary for Budget and Programs;
 - (4) Dr. Robert L. Fairman, Assistant Secretary for Administration;
 - (5) Walt Boehner, Office of the Assistant Secretary for Budget and Programs;
 - (6) Ralph Stanley, Special Assistant to the Secretary;
 - (7) Mr. James L. McInerney, Special Assistant to the Deputy Secretary;
 - (8) The Committee Coordinator shall, as occasions warrant, invite other Departmental officials to participate in meetings of the Committee.
3. Policy and Program Direction. The DOT Cost Avoidance, Reduction, and Efficiency program is established to focus and improve the Department's efforts on identifying and implementing cost avoidance, reduction and efficiency measures and to ensure the Department's appropriate response to improvements recommended by the Inspector General and the General Accounting Office.

Cost avoidance and reduction measures are associated with those activities considered valid and necessary to the mission of an organization but which can be performed adequately at a lower level than originally funded and staffed. Cost reduction measures include avoiding costs, e.g., the elimination or reduction of marginal programs and activities.

"Actual savings resulting from cost reduction measures may be reapplied to high priority requirements where appropriate and permissible or reverted to the Treasury. It is recognized that the objective of the President is to reduce the cost of Government and therefore to produce savings through improved efficiencies and the elimination of marginal, wasteful programs. Consistent with this objective, the reapplication of savings to programs that have a high potential for yielding future efficiencies will receive priority consideration."

The goal of this effort is to create an environment where new ideas to help achieve the cost reductions and efficiencies mandated by the President will flourish and to encourage every DOT employee to participate by contributing ideas and actions to make the DOT a leaner, more efficient and effective organization. The basic responsibility for leadership in achieving this goal is shared by all DOT executives and managers.

Recognition for achievement is an essential component of this program. Secretarial Officers and Heads of Operating Administrations will take appropriate action to ensure that existing incentive awards and suggestion programs, and performance appraisal systems are used to effectively motivate and recognize specific contributors to the Cost Avoidance, Reduction and Efficiency Program (CARE).

The Committee will provide Departmental oversight to assess active participation in this aspect of the CARE program. The Committee will also act as a preliminary review panel for those nominees for Secretarial recognition in the Annual DOT Awards Ceremony which include CARE program achievements as a basis for nominations. Finally, the Committee will coordinate and encourage the development of public and timely recognition of program achievements by personnel at all levels in the Department throughout the year.

4. Functions of the Committee. The Committee shall have two main functions: First, the Committee shall develop plans for coordinated Department-wide cost avoidance and reduction activities. As the Committee shall determine, the plans shall include stated goals to be achieved in various emphasis areas such as administration, finance, organization, personnel, records/paper management regulations, and programs. Reporting of accomplishments by participants will be in accordance with monthly milestones also provided in the Committee plan.

Second, the Committee shall monitor implementation of accepted recommendations from the Office of Inspector General and the General Accounting Office. This will ensure that the Department benefits from the cost savings recommendations offered by these auditing agencies.

The creation and operation of the Committee shall not interfere with existing lines of authority and responsibility in the Department.

5. Responsibility. The Committee shall report to the Secretary and the Deputy Secretary on Committee activities. The Committee shall be supported by the Office of the Secretary of Transportation; the Office of the Inspector General; the Office of the General Counsel and operating administrations, who shall advise and assist the Committee, in the execution of the entire range of responsibilities set forth above.

The coordinator shall, in consultation with the members of the Committee, establish procedures for the Committee; he shall schedule Committee meetings; and he shall coordinate the agenda for Committee activities. The coordinator shall provide members and designated interested Departmental officials with summary reports of the activities of the Committee. The coordinator, in consultation with the members, shall establish such standing or ad hoc subcommittees as deemed necessary or appropriate for the efficient conduct of the Committee.

The Heads of Operating Administrations, program managers and other participants shall prepare plans for accomplishing Committee cost reduction targets. These accomplishment plans will be coordinated with the Committee for approval to ensure that overall Departmental objectives are met. Further, the Heads of Operating Administrations, program managers, and other participants shall continue to exercise, within their assigned areas of responsibility, sound management practices to identify opportunities and to initiate steps for further cost reduction accomplishments.

The Heads of Operating Administrations shall nominate a senior official in their immediate office who shall act as a point of contact and liaison with the Committee.

Attachment B

POLICY STATEMENT ON
COST AVOIDANCE, REDUCTION, AND EFFICIENCY PROGRAM
IN THE DEPARTMENT OF TRANSPORTATION
(CARE)

PURPOSE

The DOT Cost Avoidance, Reduction, and Efficiency program is established to focus and improve the Department's efforts on identifying and implementing cost avoidance, reduction and efficiency measures and to ensure the Department's appropriate response to improvements recommended by the Inspector General and the General Accounting Office.

BACKGROUND

The Department's program implements President Reagan's direction given in his March 26, 1981, Statement to the Cabinet, (Partial Quotation):

"The reduction of fraud and waste in all Federal programs is a major commitment and priority of my Administration. . . ."

"The commitment to reduce fraud and waste cannot be met simply by appointing Inspectors General and establishing a Presidential Council. Each of you is responsible for taking the initiative to reduce fraud and waste wherever they are found in the programs which you administer."

"I expect each of you to provide the necessary support and cooperation to assure that our objective is accomplished. . . ."

POLICY

Cost avoidance and reduction measures shall be effected in all D.O.T. activities considered valid and necessary to the mission of an organization but which can be performed adequately at a lower level than originally funded and staffed. Cost reduction measures include avoiding costs, e.g., the elimination or reduction of marginal programs and activities.

Actual resource savings from cost reduction measures identified through this program may be reapplied to higher priority requirements where appropriate and permissible or reverted to the Treasury. Where necessary, appropriate action will be taken on an expedited basis by the Department to obtain necessary clearance for alternative application or disposition of the funds.

The goal of this effort is to create an environment where new ideas to help achieve the cost reductions and efficiencies mandated by the President will flourish and to encourage all DOT employees to participate by contributing ideas and actions to make the DOT a leaner, more efficient and effective organization. The basic responsibility for leadership in achieving this goal is shared by all DOT executives and managers.

Recognition for achievement is an essential component of this program. Secretarial Officers and Heads of Operating Administrations will take appropriate action to ensure that existing Incentive Awards and Suggestion Programs, and performance appraisal systems are used to effectively motivate and recognize specific contributors to the Cost Avoidance, Reduction and Efficiency Program (CARE).

The Committee will provide Departmental oversight to assess active participation in this as well as other aspects of the CARE program. The Committee will also act as a preliminary review panel for those nominees for Secretarial recognition in the Annual DOT Awards Ceremony which include CARE program achievements as a basis for nominations. Finally, the Committee will coordinate and encourage the development of public and timely recognition of program achievements by personnel at all levels in the Department throughout the year.

PROGRAM MANAGEMENT

The Heads of DOT Operating Elements and Secretarial Officers shall ensure that a CARE plan is developed. The CARE program managers shall have the latitude to create and implement plans tailored to the particular programs and operating environment of their organizations. These plans shall be coordinated with the Committee for approval to ensure that overall Departmental objectives are met. Further, DOT executives, managers and supervisors at all levels shall continue to exercise, within their assigned areas of responsibility, sound management practices to identify opportunities and to initiate steps for further cost reduction accomplishments.

REPORTS/VERIFICATIONS

Reports concerning Actual Dollar Savings and Cost Avoidance shall be submitted to the CARE Committee by Secretarial Officers and Heads of Operating Administrations in a timely fashion. A copy of each report shall be submitted to the Inspector General to be verified on a sample basis.

ORGANIZATION

The D.O.T. Chartered CARE Committee, consisting of Key Departmental Officials, will develop plans and monitor implementation of this program.

